

SENATE BILL REPORT

SB 6028

As Reported by Senate Committee On:
Labor & Commerce, January 22, 2024

Title: An act relating to relieving individuals from paying interest on certain unemployment insurance overpayment assessments.

Brief Description: Relieving individuals from paying interest on certain unemployment insurance overpayment assessments.

Sponsors: Senators Braun, Keiser, Conway, Dozier, Kuderer, Mullet, Nguyen, Nobles, Stanford and Wilson, L.; by request of Employment Security Department.

Brief History:

Committee Activity: Labor & Commerce: 1/18/24, 1/22/24 [DP].

Brief Summary of Bill

- Prohibits charging interest until January 1, 2025, on overpayment assessments for unemployment insurance benefits paid during certain weeks of the COVID-19 pandemic, unless the overpayments were the result of fraud.

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: Do pass.

Signed by Senators Keiser, Chair; Conway, Vice Chair; Saldaña, Vice Chair; King, Ranking Member; Braun, Hansen, MacEwen, Schoesler and Stanford.

Staff: Susan Jones (786-7404)

Background: Unemployment Insurance and COVID-19 Relief. The unemployment insurance (UI) system, administered by the Employment Security Department (ESD), is designed to provide partial wage replacement for unemployed workers when certain

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conditions are met. In response to the COVID-19 pandemic, Congress enacted several temporary, now-expired UI benefits under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and other legislation. These temporary UI benefit programs extended the number of benefit weeks a claimant could receive under certain conditions. Benefits under one of the programs, the Pandemic Unemployment Assistance, were payable for weeks of unemployment beginning on February 2, 2020, through September 4, 2021.

Overpayments. An individual who is paid UI benefits they are not entitled to must repay them. ESD must issue an overpayment assessment explaining the reasons for and the amount of the overpayment. ESD must impose interest of 1 percent per month on the outstanding balance if the individual fails to repay the overpayment and fails to arrange a repayment plan.

The Commissioner of ESD may waive overpayments if the overpayment was not a result of fraud, misrepresentation, willful nondisclosure, or fault attributable to the individual, and collecting the overpayments would be against equity and good conscience. Under federal guidelines, CARES Act overpayments may be waived if the claimant is not at fault in causing the overpayment and equity and good conscience standards are met. ESD adopted rules and procedures to waive certain COVID-19 pandemic relief overpayments.

Interest. Until an overpayment is waived, interest continues to accrue at 1 percent per month of the outstanding balance.

Summary of Bill: Until January 1, 2025, ESD may not charge interest on overpayment assessments for UI benefits paid during the week beginning February 2, 2020, through the week ending September 4, 2021, unless the individual received payments due to fraud. If an individual previously paid interest on overpayments for benefits paid during those weeks, ESD may either apply those payments toward any principal balance, penalties, or interest owed by the individual or may refund those payments to the individual.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The bill is very straightforward. It was a challenging time during the pandemic. ESD was doing the best job they could to evaluate claims and get money out to people who needed it. Not surprisingly, there were errors made. There is no reason to charge people interest as long as it wasn't fraudulent if they are working on how to repay it. It allows about a year to work through this. It treats people fairly by allowing refunds for interest amounts paid already.

ESD has been working through and closing out issue that stemmed from improper payments that occurred during the pandemic. During any period of time there are situations that result in some overpayments to a claimant. A normal range is about 10 percent and was about 11 percent during the pandemic. But with the volume of claims, that number of people is sizable. There is still a sizable number of people trying to reconcile their claims. Federal guidance allowed a blanket approach to allow ESD to handle about 21,000 claims. That left about 100,000 people that ESD needed to hear from. Many of those have been dealt with. There are about 5 percent seeking a claimant. People have been waiting a long time to get decisions on overpayments and we don't want to charge them accrued interest. We want to work on payment plans for the overpayments with them.

There were vast challenges and frustrations during the pandemic in the UI system. It was a confusing time. The UI advisory committee heard about these issue. The committee agreed that this bill should move forward. We appreciate the work ESD has been doing to move these claims forward.

Persons Testifying: PRO: Senator John Braun, Prime Sponsor; Caitlyn Jekel, Employment Security Department; Sybill Hyppolite, Washington State Labor Council, AFL-CIO.

Persons Signed In To Testify But Not Testifying: No one.